

17.0.0 DEPENDENT CARE

17.1.0 Dependent Care

Dependent care is paid care provided to a child and/or incapacitated (4.3.0) adult when the child's caretaker (3.1.0) or the adult's spouse is elsewhere due to employment.

The deduction is limited to expenses paid by a member of the fiscal test group (FTG) on behalf of another FTG member. Don't give the deduction to excluded members of an AG. Allow the deduction for eligible members and test children.

17.1.1 Provider

Do not allow dependent care when the provider is in the MA group. When the care is provided by a group member, there's no actual reduction in the group's disposable income.

When the provider is the caretaker relative's natural, adoptive, or stepchild, allow the deduction only when all 4 conditions are met:

1. The provider doesn't live in the MA group's home.
2. The provider is age 18 or older.
3. The provider wasn't claimed as a dependent on the caretaker's last federal tax return.
4. A true employer/employee relationship exists between the provider and caretaker. The ES agency must determine the relationship between the provider and caretaker and if payments are being made.

17.1.2 Costs

Allow actual costs paid, up to:

1. \$200 for each child under age 2 (through the month in which s/he turns 2), and
2. \$175 for each adult and each child age 2 (for a whole month) or older.

17.1.3 Insufficient Income

When a person's earned income does not cover allowable costs, deduct the difference from the earned income of someone else in the MA group.